

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2651 – Highway Motor Vehicle Policy (LSB 5450 HV)

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Fiscal Note Version – New

Description

House File 2651 provides numerous policy changes to the Department of Transportation (DOT), including but not limited to the following:

- Increases the fee for replacement of special motor vehicle registration plates issued to motor vehicle dealers from \$5 to \$40.
- Creates an exception to the civil penalty assessed for reinstatement of a person's driving privileges following a period of suspension or revocation. This provision takes effect on enactment.
- Provides several changes to oversize and overweight vehicles used in the construction of alternative energy facilities or transported to such facilities, including authorizing issuance of special multi-trip permits for a fee of \$600. These provisions take effect on enactment.
- Permits the Department of Education to approve and administer drinking driver courses taught at State correctional facilities.
- Permits a Disabled Veteran's registration plate to substitute for a persons with disabilities parking permit.
- Specifies that the limit on transfers of county general fund and rural services fund moneys to the county Secondary Road Fund applies only to transfers of property tax revenue.
- Provides a "limited use" registration for owners of antique motor trucks, truck tractors, road tractors, and motor homes in certain circumstances, for a fee of \$70 for a two-year certificate and \$40 for a set of registration plates valid for two years.
- Directs the Underground Storage Tank (UST) Fund Board and the Iowa Finance Authority to defease all outstanding bonds by June 30, 2008. Defeasance will be accomplished by establishing an escrow account to make all future bond principal and interest payments. This provision takes effect on enactment.

OVERALL SUMMARY OF FISCAL IMPACT

The estimated fiscal impact of HF 2651 is a decrease of \$454,000 to the Juvenile Detention Home Fund annually.

In regard to the Underground Storage Tank Program, although the defeasance will significantly reduce the free cash balance of the UST Program, it should not impact the ability to pay claims as long as the pace of cleanup does not increase significantly over the next three years.

The estimated fiscal impact of the limited use registration for antique vehicles cannot be determined since the number of vehicles that will apply for the registration and the current registration fees are unknown.

The estimated fiscal impact of the provisions in the Bill regarding motor vehicle dealer registration plates, drinking driver courses, Disabled Veteran's registration plates, and oversize and overweight vehicle permits is anticipated to be minimal. There is no fiscal impact associated with the limit on transfers of county general fund and rural services fund moneys.

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SUMMARY OF FISCAL IMPACT BY PROVISION

Antique Vehicles

- House File 793, enacted during the 2007 Legislative Session, increases the annual fee for antique vehicles from \$5 to the same fee charged for older vehicles and removes the requirement that such vehicles be driven only for exhibition or education purposes. This provision takes effect on July 1, 2008.

- Of the total fees collected from vehicle registrations, county treasurers retain 4.0% for the county general fund, and the remaining 96.0% is deposited in the Road Use Tax Fund.

FISCAL IMPACT: The estimated fiscal impact of this provision is unknown. Also unknown is the annual registration fee per vehicle beginning on July 1, 2008. Under current law, owners of antique trucks and motor homes will be charged a registration fee based on the same fee for older vehicles beginning on July 1, 2008. Those fees range from \$35 to more than \$1,695 based on the age and weight of the antique truck, and from \$80 to \$100 for antique motor homes. House File 2651 allows such vehicles to be registered for \$110 every two years beginning on January 1, 2009.

Civil Penalties for Reinstatement of Driving Privileges

Under current law, the money from civil penalties assessed for failure to re-file proof of financial responsibility is collected by the DOT and deposited in the Juvenile Detention Home Fund under the authority of the Department of Human Services (DHS).

Assumptions

- From April 2007 through December 2007, of those assessed a civil penalty, an estimated 40.0% of those 19 years of age and younger paid a civil penalty of \$50, and 35.0% of those over 19 years of age paid a penalty of \$200. The total amount collected was an estimated \$319,500, including \$13,500 from those 19 years of age and younger, and \$306,000 from those over 19 years of age.
- This analysis assumes that the total amount collected from the civil penalty will include the amount paid from 50.0% of persons 19 years of age and younger, and the amount paid from 45.0% of persons over 19 years of age. Based on this analysis, an estimated \$17,000 will be collected annually from persons 19 years of age and younger, and \$437,000 from those over 19 years of age.

FISCAL IMPACT: This provision will result in a decrease of \$454,000 to the Juvenile Detention Home Fund annually.

UST Bond Defeasance

The UST Fund has \$32.5 million in outstanding bond principal, with annual principal payments and semi-annual interest payments payable through July 2014. The estimated amount of money necessary to fund an escrow account to make all remaining payments is \$34.6 million. The UST Fund balance as of February 1, 2008, is \$62.6 million.

FISCAL IMPACT: Although the defeasance will significantly reduce the free cash balance of the UST Program, it should not impact the ability to pay claims as long as the pace of cleanup does not increase significantly over the next three years.

Sources

Department of Transportation
Underground Storage Tank Fund Board

/s/ Holly M. Lyons

March 19, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
